

**Expert Report
of Dale Belman, Ph.D**

Exhibit X-2

TOYOTA MOTOR MANUFACTURING TEXAS, INC.

CONSTRUCTION PROJECT AGREEMENT

San Antonio, Texas

Effective
June 18, 2003

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**TOYOTA MOTOR MANUFACTURING TEXAS, INC.
CONSTRUCTION PROJECT AGREEMENT**

AGREEMENT

This Agreement is entered into this 18th day of June, 2003, by and between _____ (and such other contractors awarded work within the scope of this Agreement by Toyota Motor Manufacturing Texas, Inc.), hereinafter called the "Construction Contractor(s)", and the Building and Construction Trades Department, AFL-CIO, its affiliated National and International Unions and their Local Unions, and the San Antonio Building & Construction Trades Council, acting on their own behalf and on behalf of their respective affiliates and members whose names are subscribed hereto and who have, through their duly authorized officers, executed this Agreement, hereinafter collectively called the "Union" or "Unions," with respect to the construction of a vehicle assembly plant in San Antonio, Texas to be known as the "Toyota Plant" or "Project."

It is the policy of Toyota Motor Manufacturing Texas, Inc., ("TMMTX" or the "Owner") to maintain harmonious and stable labor relations on the Project through the adoption of procedures designed to prevent work stoppages and disruptions and to resolve all disputes between employees, labor and management; to establish a steady and reliable source of skilled labor for the Project; to ensure fair and uniform working hours, shift times, scheduling, holidays, overtime at premium pay and other terms and conditions of employment; to emphasize the adherence to safe work practices; to encourage the balanced opportunity for all ethnic and gender groups for participation as employees or contractors on the Project; to provide employment opportunities for residents of the San Antonio metropolitan area; and to establish the process for the regular interchange of Project experience and review of issues on the Project between labor and management, all to the ultimate goal of timely and efficient construction of the Project.

The parties to this Agreement understand that, to implement the procedures and processes which they have agreed upon to further the Owner's goals, it is the policy of the Owner that if this Agreement is acceptable to it, it will become the policy of the Owner that the construction work covered by this Agreement shall be awarded exclusively to contractors who agree to execute and be bound by the terms of this Agreement. It is therefore understood by the parties, and specifically agreed to by the Unions, that other contractors awarded new construction work directly by TMMTX may execute this Agreement and become "Construction Contractors" for the purpose of that work.

The Unions and Construction Contractor(s) agree to abide by the terms and conditions contained in this Agreement with respect to the administration of the Agreement by the Construction Contractor(s) and the performance of the execution contractors on the Project. This Agreement represents the complete understanding of the parties.

ARTICLE I

Purpose

The parties to this Project Labor Agreement (hereinafter designated as the "Project Agreement" or "Agreement") acknowledge that the construction of the Toyota Plant in San Antonio, Texas is an important milestone in the continuing international and state cooperative effort commenced by Toyota Motor Corporation seventeen years ago. This Agreement is intended to enhance this cooperative effort through the establishment of a framework for labor-management cooperation and stability.

The Construction Contractor(s) and the Unions agree that the timely construction of this Project will require substantial numbers of employees from construction and supporting crafts possessing skills and qualifications that are vital to its completion. They will work together to furnish skilled, efficient craftspersons for the construction of the Project, and they will endeavor especially to employ those craftspersons who reside in the San Antonio metropolitan area.

Further, the parties desire to mutually establish and stabilize wages, hours and working conditions for the craftspersons employed on this construction project, to encourage close cooperation between the Construction Contractor(s) and the Unions to the end that a satisfactory, continuous and harmonious relationship will exist between the parties to this Agreement.

Therefore, in recognition of the special needs of this Project and to maintain a spirit of harmony, labor-management peace, and stability during the term of this Agreement, the parties agree to establish effective and binding methods for the settlement of all misunderstandings, disputes or grievances which may arise. Further, the Construction Contractor(s) and all contractors of whatever tier agree not to engage in any lockout, and the Unions agree not to engage in any strike, slow-down, or interruption or other disruption of or interference with the work covered by this Agreement.

ARTICLE II

Scope of Agreement

Section 1. This Project Agreement shall apply and is limited to the recognized and accepted historical definition of new construction work under the direction of the Construction Contractor(s), and performed by those execution contractor(s) of whatever tier, which may include the Construction Contractor(s), who have contracts awarded for such work on the Toyota Plant by TMMTX.

The Project is generally described as the construction of a Toyota vehicle assembly plant with approximately 2,000,000 square feet under roof, capable of producing approximately 150,000 Tundra full-size pickup trucks per year, and consisting of, but not limited to, the following component facilities:

1. Stamping, body weld, paint, plastics, and assembly facilities;
2. Utility area;
3. Administrative offices and shop office;

leveled, utilities connected, a rotational check made and the installation of that item of equipment or machinery is accepted by the Owner.

Section 4. The Owner has the right to accept the installation of each item of equipment or machinery on an individually completed basis regardless of whether other items of equipment or machinery in the vicinity have been installed or whether construction of the building has been completed.

Section 5. Upon acceptance of the installation of any item of equipment or machinery by the Owner, the Owner shall have the exclusive right to make any modifications, adjustments, relocations, etc. with respect to that item of equipment or machinery in order to provide a proper operating production facility.

ARTICLE VI

Apprentices/Trainees/Helpers/Subjourneymen

Section 1. Recognizing the need to maintain continuing support of programs designed to develop adequate numbers of competent workers in the construction industry, the execution contractors will employ apprentices in the respective crafts to perform such work as is within their capabilities and which is customarily performed by the craft in which they are indentured.

Section 2. If provided for in the applicable local Collective Bargaining Agreement, the Union(s) agree to allow the use of pre-apprentices, helpers, or other non-journeymen classifications to do work within the union's craft jurisdiction. Except for apprentices, the rate of pay shall not exceed sixty percent (60%) of the applicable journeymen rate.

Section 3. The combined employment of apprentices and non-journeymen classifications in a craft may be: (a) up to forty percent (40%) of a craft's work force where that craft's applicable local collective bargaining agreement recognizes both apprentices and other non-journeymen classifications, or (b) for a craft whose local collective bargaining agreement recognizes only an apprenticeship classification, thirty-three and one-third percent (33 1/3%), unless the applicable local collective bargaining agreement establishes a higher percentage.

Section 4. The Union will cooperate to refer qualified apprentices and, where applicable, non-journeymen, up to the applicable ratio, as requested by the execution contractor.

ARTICLE VII

Wages and Benefits

Section 1. (a) The hourly wage and benefit contribution rates paid employees on this Project shall be those rates contained in the recognized local agreements as of March 24, 2003, and any increases in such rates in these existing agreements as of March 24, 2003 shall go into effect on the date specified in the relevant local agreement. These rates shall apply on and after the effective date of this Agreement and remain in effect for the duration of this Agreement, unless they are modified pursuant to paragraph (b) below.

(b) New wage and benefit contribution rates agreed upon after March 24, 2003 as part of an extension or renegotiation of a recognized local agreement shall be incorporated into this Agreement on their effective date to the extent that the total annual percentage increase in journeyman wage and benefit contribution rates for that craft does not exceed the average percentage increase in journeyman rates for Building and Construction crafts in the South Central region in the preceding calendar year ("the Cap"), as reported by the Construction Labor Research Council (CLRC), and does not discriminate

against this Project. In computing the Cap, the CLRC shall exclude the craft with the highest percentage increase in that year and the craft with the lowest percentage increase in that year. The Cap shall be effective from March 25 of the year in which it is calculated through March 24 of the following calendar year.

(c) New wage or benefit contribution rates subject to the Cap must be reported by the Union to the designated representative of TMMTX at least fifteen (15) calendar days before the rates are scheduled to go into effect under the local agreement. If the Union reports the new rate information to TMMTX's designated representative less than fifteen (15) calendar days before the rates are scheduled to go into effect under the local agreement, the rates will not be effective under this Agreement until the fifteenth (15th) day after the date of actual receipt by TMMTX's designated representative. Information sent by fax to TMMTX's designated representative shall be deemed received on the date on which the fax was sent by the Union.

(d) To the extent new wage and benefit contribution rates for a particular craft exceed the Cap in a given year, the amount of the increase not recognized pursuant to the Cap may be carried forward and made effective under this Agreement on its anniversary date in the following year to the extent the total wage and benefit contribution rate increase for that craft in the following year does not exceed the Cap applicable for that year.

Section 2. (a) The execution contractors agree to accept, as its representatives in the administration of trust funds, the employer trustees serving such funds. The execution contractors required to comply with this Agreement shall be obligated to make trust fund contributions in accordance with requirements of the applicable local collective bargaining agreement, but shall not be required to otherwise sign trust participation agreements unless legally required by the local trust documents. Any signing of trust documents will apply to

this Project only and shall not increase the contractor's obligations in any way beyond those established by this Agreement. A trust fund may not refuse to accept contributions from an execution contractor on the grounds that the contractor is not signatory to a local collective bargaining agreement.

(b) Industrial promotion, administrative funds, or other funds which do not accrue to the direct benefit of employees are not considered benefits for the purpose of this Agreement and need not be paid by the employer. Notwithstanding this provision, each execution contractor agrees to deduct from each paycheck of employees covered by this Agreement who sign a proper written authorization for such deduction the amount of two cents (\$0.02) per hour paid and to submit such amounts on a monthly basis to the San Antonio Building and Construction Trades Council no later than the fifteenth of the month following the calendar month in which such deductions were made. Such deductions are to assist the Council in administering this Agreement. The Union agrees that the contractors will suffer no loss because of any deduction from an employee's pay pursuant to this Section.

(c) Notwithstanding paragraphs (a) and (b) above, a contractor that is not signatory to an existing collective bargaining agreement with any Union and that has established and/or is making employer contributions to a pension, retirement, annuity, health and welfare, vacation, or apprenticeship plan for its employees, may continue to make employer contributions to such benefit plans on behalf of each of its core employees (i.e., employees employed on this Project pursuant to Article IV, Section 4 of this Agreement) in lieu of making employer contributions to the corresponding funds pursuant to Sections 1 and 2(a) of this Article, if the employee elects and provided the following conditions are met:

1. Such contractor plan(s) is a bona fide plan in effect at the time the contractor commences Project work and has been in effect for the preceding 12 months;
2. The employer contribution amount(s) represents the actual cost of the benefit (expressed as an hourly contribution) and that it is consistent with applicable laws relating to wages and employee benefits; and
3. The employee on whose behalf the employer contribution is made is a participant in the plan at the time of his initial employment on the Project.

Any difference between the total hourly employer contribution to a contractor plan qualifying for these provisions and the employer contribution due to the corresponding fund under Sections 1 and 2(a) of this Article will be paid to a fund to be established by the parties to this Agreement for the direct benefit of covered workers on whose behalf such contributions are made.

Section 3. All employees covered by this Agreement shall be paid weekly, by check, before the end of the regular shift on Thursday for the preceding work week, or on such other day as is mutually agreed upon in writing by the execution contractor(s) and the Union(s).

When an employee cannot be paid accordingly because of a holiday, he shall be paid on his last shift before the holiday.